

Message Text

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ACTION NEA-12

INFO OCT-01 ADP-00 EB-11 CIAE-00 INR-10 NSAE-00 RSC-01

SCI-06 COME-00 HEW-08 TRSE-00 L-03 H-02 NEAE-00 PRS-01

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P 031310 Z MAY 73

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC PRIORITY 9458

C O N F I D E N T I A L COLOMBO 1123

E. O. 11652: GDS

TAGS: EIND, ETRD, CE

SUBJ: PHARMACEUTICAL INDUSTRY IN SRI LANKA: STATUS REPORT

REF COLOMBO 869

1. DESPITE SIGNS OF WAFLING REPORTED REFTEL, NOW APPEARS THAT STATE PHARMACEUTICAL CORP (SPC) UNDER AEGIS MINISTRY OF INDUSTRIES IS DETERMINED TO CARRY ON POLICIES OUTLINED COLOMBO 764. SECRETARY OF THE MINISTRY ISSUED FORMAL STATEMENT APRIL 11 IN FORM OF LETTER IN REPLY TO CEYLON PHARMACEUTICAL MANUFACTURERS' ORGANIZATION WHICH HAD REQUESTED A CLARIFICATION OF THE GOVERNMENT' S POLICY IN THE LIGHT OF DR. BIBILE' S REMARKS ON 23 MARCH.

2. MINISTRY REITERATED THE FUNCTIONS OF SPC AND DECISION THAT FROM 1973 ONWARDS THE SPC WOULD HANDLE THE IMPORT OF DRUGS AS WELL AS IMPORT OF RAW MATERIALS FOR LOCAL MANUFACTURING. POSITION TAKEN BY THE SPC CHAIRMAN WAS SPECIFICALLY ENDORSED AS IN FULL ACCORD WITH GOVERNMENT' S DECISION. MINISTRY EXPRESSED VIEW THAT POLICY WOULD LEAD TO A SAVING IN FOREIGN EXCHANGE WITHOUT ANY IMPAIRMENT OF AVAILABILITY OF DRUGS OR THEIR QUALITY.

3. C. A. BAKER, VP PFIZER CORP AND AREA MANAGER SE ASIA, CALLED ON AMB APRIL 6 TOGETHER WITH LOCAL PFIZER GENMANAGER WARREN W. WILLIAMS. BAKER APPEARED TO PIN MUCH HOPE ON LEGAL
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POSITION WHICH HE HAD BACKED UP WITH AN OPINION FROM LEADING FORM OF COLOMBO LAWYERS. WHILE BAKER GAVE IMPRESSION PFIZER COULD LIVE WITH USE OF GENERIC NAMES, HE EMPHASIZED THAT POINTS WHICH COULD LEAD TO A PFIZER PULL- OUT WHERE GSL' S INSISTENCE ON THE GOVERNMENT IMPORTING THE RAW MATERIALS AND ITS CLAIM TO MONOPOLY OVER DRUG DISTRIBUTION.

4. AMB EXPRESSED SKEPTICISM THAT LACK OF LEGAL BASIS WOULD IMPEDE GOVERNMENT ACTIONS. WITH TWO- THIRDS MAJORITY IN THE NATIONAL STATE ASSEMBLY, VIRTUALLY ANYTHING COULD BE LEGALIZED. HE EXPRESSED WISH TO BE HELPFUL TO PFIZER AND SAID HE WAS PREPARED AT APPROPRIATE TIME TO RAISE THE INDUSTRIES MIN T. B. SUBASINGHE POTENTIAL IMPACT OF SUCH GOVERNMENT ACTION ON THE INVESTMENT CLIMATE. HOWEVER, AMB DID NOT WISH TO INJECT HIMSELF INTO THE CONTROVERSY UNLESS PFIZER AGREED THAT IT WOULD BE HELPFUL. BAKER FELT THAT CURRENT GSL ACTIONS AMOUNTED TO A DE FACTO NATIONALIZATION. HE FELT EMBASSY INVOLVEMENT WOULD BE HELPFUL FOR PFIZER, AND, IN ANY CASE, THEY HAD REACHED SHOWDOWN STAGE WITH GSL. UNLESS THE GSL CONCEDED THE TWO MAIN POINTS OF IMPORTS AND DISTRIBUTION, PFIZER WOULD PULL OUT.

5. WILLIAMS UPDATED SITUATION TO AMB MAY 3. STATED LETTER AGIN SENT TO T. B. SUBASINGHE SEEKING CLARIFICATION ON GROUNDS GSL REPLY BY SECRETARY INDUSTRIES MINISTRY FAILED TO ADDRESS QUESTIONS. LETTER ALSO SENT OR BEING SENT FROM TOP ECHELON OF PFIZER, INC., TO PM. WILLIAMS FELT PFIZER COULD COMPROMISE SOME ON CENTRALIZED PURCHASE ISSUE PROVIDED PFIZER COULD SPECIFY NINE OR TEN CRITICAL COMPONENTS TO BE IMPORTED FROM PARENT ORGANIZATION TO MAINTAIN ESSENTIAL HIGH QUALITY OF PFIZER SPECIALITY PRODUCTS. ON DRUG IDENTIFICATION THEY WANTED AT LEAST PFIZER NAME AND BELIEVED THERE MIGHT BE SOME GSL FLEXIBILITY ON THIS POINT. PFIZER INSISTED, HOWEVER, ON RIGHT CONTINUE DISTRIBUTION AND SALES. WILLIAMS BELIEVES SPC CHAIRMAN HAS EXCEEDED MANDATE BUT UNFORTUNATELY IS GLIB AND SPECIOUSLY REASONABLE. WILLIAMS CONCLUDED HE HIMSELF WAS BIT MORE OPTIMISTIC THAN WHEN HE HAD DISCUSSED MATTER WITH AMB APRIL 6 AND HOPED SOME OF OUTSTANDING ISSUES MIGHT BE NEGOTIABLE.

6. AMB INFORMED WILLIAMS HE PLANNED RAISE SUBJECT IN GENERAL TERMS WITH PM DURING CALL MAY 4 AND WOULD ALSO INQUIRE WHETHER SHE WOULD BE ABLE TO SEE MR. J. G. HEIGES, GENERAL COUNSEL AND CONFIDENTIAL

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MEMBER OF BOARD OF DIRECTORS OF PFIZER, CORP., NEW YORK, DURING HEIGES' S MID- MAY VISIT HERE.
VAN HOLLEN

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NMAFVVZCZ

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